

FRIENDS OF HILLTOP ARBORETUM, INC.

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012**

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DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Friends of Hilltop Arboretum, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Friends of Hilltop Arboretum, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Hilltop Arboretum, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Daisiepost & Brian apac

Baton Rouge, Louisiana
June 20, 2014

FRIENDS OF HILLTOP ARBORETUM, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 200,921	\$ 231,820
Other receivable	33,625	241
Inventory	17,670	18,976
Other current assets	498	-
Total current assets	<u>252,714</u>	<u>251,037</u>
<u>Property and Equipment</u>		
Furniture and fixtures	44,857	44,857
Accumulated depreciation	<u>(44,023)</u>	<u>(42,731)</u>
Total property and equipment	<u>834</u>	<u>2,126</u>
Total Assets	<u>\$ 253,548</u>	<u>\$ 253,163</u>
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ -	\$ 61
Accrued liabilities	5,383	-
Deferred revenue	13,410	1,635
Other current liabilities	<u>835</u>	<u>1,831</u>
Total current liabilities	<u>19,628</u>	<u>3,527</u>
<u>Net Assets</u>		
Unrestricted	221,052	238,968
Unrestricted – board designated	<u>4,227</u>	<u>7,477</u>
Total unrestricted	225,279	246,445
Temporarily restricted	<u>8,641</u>	<u>3,191</u>
Total net assets	<u>233,920</u>	<u>249,636</u>
Total Liabilities and Net Assets	<u>\$ 253,548</u>	<u>\$ 253,163</u>

See accompanying notes and independent auditors' report.

FRIENDS OF HILLTOP ARBORETUM, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues</u>			
Donations	\$ 49,747	\$ 6,280	\$ 56,027
Garden tours	15,197	-	15,197
Gift shop	8,942	-	8,942
Hodge Podge	19,529	-	19,529
Interest and dividends	24	-	24
Memberships	21,042	-	21,042
Miscellaneous programs	39,996	-	39,996
Plant Fest	18,261	-	18,261
Trip income	10,735	-	10,735
Net assets released from restrictions	830	(830)	-
Total Revenues	\$ 184,303	\$ 5,450	\$ 189,753
<u>Expenses</u>			
Program service	\$ 131,402	\$ -	\$ 131,402
Supporting service:			
General and administrative	69,553	-	69,553
Fundraising	4,514	-	4,514
Total Expenses	205,469	-	205,469
Change in net assets	(21,166)	5,450	(15,716)
Net Assets - beginning of year	246,445	3,191	249,636
Net Assets - end of year	<u>\$ 225,279</u>	<u>\$ 8,641</u>	<u>\$ 233,920</u>

See accompanying notes and independent auditors' report.

FRIENDS OF HILLTOP ARBORETUM, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Temporarily		
	Unrestricted	Restricted	Total
<u>Revenues</u>			
Campaign pledges	\$ 500	\$ -	\$ 500
Donations	10,798	-	10,798
Garden tours	15,664	-	15,664
Gift shop	8,473	-	8,473
Hodge Podge	26,804	-	26,804
Interest and dividends	29	-	29
Memberships	23,138	-	23,138
Miscellaneous programs	38,913	-	38,913
Plant Fest	22,977	-	22,977
Trip income	36,715	-	36,715
Net assets released from restrictions	<u>25,985</u>	<u>(25,985)</u>	<u>-</u>
Total Revenues	\$ 209,996	\$ (25,985)	\$ 184,011
<u>Expenses</u>			
Program service	\$ 141,946	\$ -	\$ 141,946
Supporting service:			
General and administrative	54,401	-	54,401
Fundraising	<u>4,494</u>	<u>-</u>	<u>4,494</u>
Total Expenses	200,841	-	200,841
Change in net assets	9,155	(25,985)	(16,830)
Net Assets - beginning of year	<u>237,290</u>	<u>29,176</u>	<u>266,466</u>
Net Assets - end of year	<u>\$ 246,445</u>	<u>\$ 3,191</u>	<u>\$ 249,636</u>

See accompanying notes and independent auditors' report.

FRIENDS OF HILLTOP ARBORETUM, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Service	Management and General	Fundraising	Total
Contract Labor	\$ 1,817	\$ 2,833	\$ -	\$ 4,650
Depreciation	505	787	-	1,292
Donations	52,034	-	-	52,034
Dues	117	183	-	300
Garden tours	1,948	-	-	1,948
Gift shop	2,852	-	-	2,852
Hodge Podge	4,637	-	-	4,637
Insurance	1,635	2,548	-	4,183
Legal and professional	2,260	3,524	-	5,784
Miscellaneous	1,641	2,555	-	4,196
Office supplies	1,165	1,816	-	2,981
Payroll taxes	1,079	1,681	228	2,988
Plant Fest	9,964	-	-	9,964
Postage	536	836	-	1,372
Printing	990	1,542	-	2,532
Program expense	10,640	-	-	10,640
Rent	4	6	-	10
Salaries	20,288	31,625	4,286	56,199
Security	103	161	-	264
Site improvements	10,738	16,739	-	27,477
Telephone	1,458	2,273	-	3,731
Travel and meetings	285	444	-	729
Trips	4,706	-	-	4,706
	<u>\$ 131,402</u>	<u>\$ 69,553</u>	<u>\$ 4,514</u>	<u>\$ 205,469</u>

See accompanying notes and independent auditors' report.

**FRIENDS OF HILLTOP ARBORETUM, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 380	\$ 190	\$ -	\$ 570
Capital Campaign	72	-	-	72
Contract Labor	1,274	1,831	-	3,105
Depreciation	809	1,162	-	1,971
Donations	42,073	-	-	42,073
Dues	64	91	-	155
Garden tours	267	-	-	267
Gift shop	4,601	-	-	4,601
Hodge Podge	8,568	-	-	8,568
Insurance	1,758	2,526	-	4,284
Legal and professional	2,466	3,542	-	6,008
Miscellaneous	1,667	2,394	-	4,061
Office supplies	1,089	1,564	-	2,653
Payroll taxes	851	1,223	208	2,282
Plant Fest	13,341	-	-	13,341
Postage	478	686	-	1,164
Printing	1,003	1,440	-	2,443
Program expense	7,608	-	-	7,608
Rent	4	6	-	10
Salaries	17,521	25,167	4,286	46,974
Security	203	291	-	494
Site improvements	6,653	9,557	-	16,210
Telephone	1,536	2,206	-	3,742
Travel and meetings	365	525	-	890
Trips	27,295	-	-	27,295
	<u>\$ 141,946</u>	<u>\$ 54,401</u>	<u>\$ 4,494</u>	<u>\$ 200,841</u>

See accompanying notes and independent auditors' report.

FRIENDS OF HILLTOP ARBORETUM, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ (15,716)	\$ (16,830)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,292	1,971
Increase in other receivable	(33,384)	(241)
(Increase) decrease in inventories	1,306	(717)
(Increase) decrease in other assets	(498)	273
Decrease in accounts payable	(61)	(47,545)
Increase in accrued liabilities	5,383	-
Increase in deferred revenue	11,775	-
Decrease in other liabilities	<u>(996)</u>	<u>(8,183)</u>
Net cash used in operating activities	(30,899)	(71,272)
 <u>Cash Flows From Investing Activities</u>		
Cash payments for the purchase of property	<u>-</u>	<u>(784)</u>
Net cash used in investing activities	-	(784)
 Decrease in cash and cash equivalents	(30,899)	(72,056)
Cash and cash equivalents, beginning of year	<u>231,820</u>	<u>303,876</u>
Cash and cash equivalents, end of year	<u>\$ 200,921</u>	<u>\$ 231,820</u>

See accompanying notes and independent auditors' report.

**FRIENDS OF HILLTOP ARBORETUM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

Organization

Friends of Hilltop Arboretum, Inc. (Friends) is a nonprofit organization located in Baton Rouge, Louisiana devoted to the preservation and development of Hilltop as a complete arboretum of native southern trees, shrubs, and wildflowers and encourages its free and effective use by the community.

Net Assets

Friends reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of contributor imposed restrictions.

Functional Expenses

Friends allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

Basis of Accounting

The current year financial statements of Friends have been prepared on the accrual basis of accounting according to accounting principles generally accepted in the United States of America. Accordingly, all significant receivables, payables and other liabilities are reflected in the financial statements.

Cash Equivalents

Friends considers all highly liquid investments, including money market funds and investments with a maturity of three months or less, to be cash equivalents.

Donated services

Unpaid board members and volunteers conduct a significant portion of Friends' functions. The value of this contributed time is not reflected in the accompanying financial statements since the service performed does not meet the criteria necessary for recognition.

Subsequent Events

Friends has evaluated subsequent events through June 20, 2014 the date the financial statements were available to be issued, for recording and disclosure.

FRIENDS OF HILLTOP ARBORETUM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

1. Summary of Significant Accounting Policies – Continued

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization files information returns in the U.S. federal jurisdiction. The Organization is no longer subject to federal information return examinations by tax authorities for years before 2010. The Organization has adopted provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

Property and equipment

Friends' property and equipment are recorded at cost. Depreciation is computed using the straight line method over the useful life of the asset.

Inventories

Inventories are stated at the lower of cost or market value. Cost is determined by the specific identification method.

Advertising

Friends expenses all advertising costs as incurred.

2. Concentrations

Friends maintains cash balances in banks that are insured by FDIC insurable limits. At December 31, 2013 Friends did not have cash in a bank account in excess of the FDIC insured limits. Management periodically evaluates the integrity of the entities that hold Friends' cash and investments.

FRIENDS OF HILLTOP ARBORETUM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

3. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2013</u>	<u>2012</u>
Production and distribution of Native Plant Guide	\$ 2,361	\$ 2,361
Ravine maintenance	-	830
Greenhouse project	6,280	-
	<u>\$ 8,641</u>	<u>\$ 3,191</u>

4. Board Restricted Net Assets

Unrestricted net assets have been restricted by the board of directors are as follows for the year ended December 31, 2013. During the year \$3,253 was spent on ravine maintenance that satisfied board restrictions.

	<u>2013</u>	<u>2012</u>
Ravine maintenance	\$ 4,227	\$ 7,477

5. Donations

In previous years, Friends held various capital campaigns and solicited donations for the purpose of building a new facility on the grounds of the Hilltop Arboretum. Construction on the new facility was started and completed during 2013. As part of the construction of the new facility Friends purchased audio visual and other equipment at a cost of \$52,034. This amount has been recorded as a donation to LSU since ownership of the building ultimately rests with LSU. The LSU Foundation reimbursed Friends \$32,353 of the costs of the audio visual and other equipment in 2014 from the balance of the remaining funds from prior year donations. This amount has been recorded as a receivable in these financial statements.

In 2012 Friends donated \$42,073 in funds raised under the capital campaign to the LSU Foundation for the purpose of constructing the new facility.

6. Site Improvements and Maintenance

During the year Friends incurred the following costs for improvements and maintenance to the arboretum grounds owned by LSU.

Ravine studies and improvements	\$ 4,083
Building maintenance and repairs	5,522
Parking and driveway maintenance	3,450
General site maintenance	18,505
	<u>\$ 31,560</u>

FRIENDS OF HILLTOP ARBORETUM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

7. Grant Income

During the year Friends had grant income from the following sources:

Entergy	\$ 1,500
Junior League of Baton Rouge	<u>3,792</u>
	<u>\$ 5,292</u>

These grants are included in the statement of activities under miscellaneous programs.

8. Deferred Revenue

Deferred revenue consists of rental deposits received for events to be held at a future time. These amounts are recognized as revenues when the event is held or as obligations are satisfied.

9. Reclassification

Certain amounts included in the prior year financial statements have been reclassified to conform to the current year presentation.